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# Construction Outlook in China

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Industry Study with Forecasts for 2018 & 2023

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### INDUSTRY STRUCTURE

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*Construction expenditures in China will be fueled through 2023 by continued industrialization, rising urban population and consumer income levels, and greater foreign investment funding.*

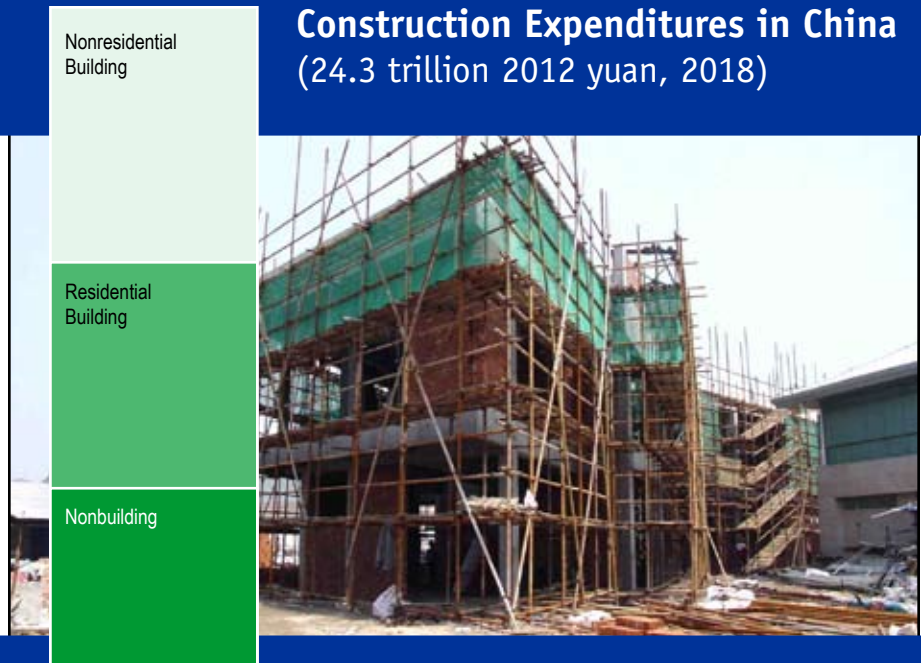
## Expenditures to rise nearly 9% annually through 2018

Construction expenditures in China are expected to rise 8.9 percent per annum in real terms through 2018. Ongoing industrialization, increasing urban population, expanding foreign investment funding, rising personal income levels, and further population and household growth will all work to drive gains in construction activity in China. In addition, government efforts to improve the country's infrastructure, expand municipal utilities, and balance regional economic disparity will aid growth in construction spending. However, further growth will be constrained by a slowdown in the Chinese economy through the forecast period, especially in fixed asset investment.

## Northwest region to grow most rapidly

Although China is a single country, it consists of numerous distinct regional markets, each characterized by different climates, populations, and levels of economic development. Construction expenditures in the Northwest region are expected to enjoy the fastest growth of any region in China, rising 9.9 percent per annum in real terms through 2018. Gains will benefit from the government's "Great Western Development" strategy and the region's abundant natural resources, which will result in sizable increases in spending on infrastructure and manufacturing facilities in this area. However, the Central-East region, being home to about one-third of the country's total population and economic output, will remain the largest regional market, accounting for 43

## Construction Expenditures in China (24.3 trillion 2012 yuan, 2018)



percent of the overall construction spending in China in 2018.

## Domestic spending on manufactured goods to fuel nonresidential building

Nonresidential buildings represented the largest segment of the construction market in China in 2013, accounting for 37 percent of overall construction spending. Nonresidential construction expenditures are forecast to rise 9.2 percent annually in real terms through 2018, continuing to lead the market. Gains will be driven by robust increases in consumer spending for manufactured goods and services from both at home and abroad, as well as increasing foreign direct investment.

## Government efforts, change in demographics to bolster residential construction

Residential construction expenditures accounted for slightly more than one-third of overall construction spending in China in 2013. Residential building construction activity will be spurred by rising personal income levels and household growth as well as population migration from rural to urban areas. Government efforts to improve living conditions for low income earners (including the construction of affordable and low rent houses in urban areas and subsidies for improvements to dilapidated farmhouses in rural areas) will also bolster residential building construction spending.

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## Sample Text, Table & Chart

### RESIDENTIAL BUILDING

#### Living Space

Average per capita living space in China was 30.8 square meters in 2013, doubling from two decades ago when urban and rural residents lived in cramped, overcrowded houses. These poor living conditions were the result of decades of government underinvestment in housing. In an attempt to reduce overcrowding and improve living conditions in the country, government officials have instituted a series of housing reforms over the past ten to fifteen years, with one of the goals being to raise the average size of living spaces. The privatization of home ownership in particular has helped stimulate substantial new residential building construction in urban areas over the last decade, while rising income levels have been a main driver in rural areas. Average living space in China has grown considerably, and the size of living space per household has also climbed, reaching one hundred square meters in 2013.

Rising standards of living will contribute to further expansion in the average size of new housing units, fueling additional gains in per capita living space, which is expected to reach 40 square meters by 2018. Average per household living space is expected to reach 100 square meters in the same year. Nevertheless, government limits unit sizes of both new urban and rural housing will increase the supply of affordable housing and slow living space growth to some extent.

Due to different building standards, rural residents enjoy much larger living spaces than urban residents. In 2013, the average living space for rural residents was nearly six square meters higher than an urban resident. Per capita living space will continue to be unevenly distributed depending on income levels and locations. Increases in per capita living space for rural residents will outpace those for urban residents in the years ahead, reflecting the government's focus on rural development.

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SAMPLE  
TEXT

TABLE V-2

### NONRESIDENTIAL BUILDING CONSTRUCTION EXPENDITURES IN CHINA BY STRUCTURE (billion 2012 yuan)

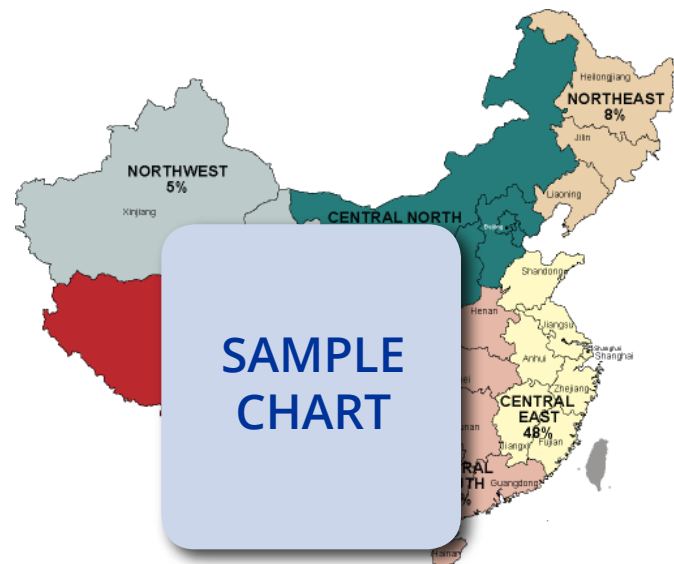
Item	2003	2008	2013	2018	2023
Gross Fixed Capital Formation ¥ nonres bldg constr/000¥ GFCF					
Nonresidential Building Construction					
Industrial					
Office & Commercial					
Institutional					
Other					

SAMPLE  
TABLE

Source: The Freedonia Group, Inc.

CHART VII-2

### CONSTRUCTION EXPENDITURES IN CHINA BY REGION, 2013 (2012 15.9 trillion yuan)



SAMPLE  
CHART

## Sample Profile & Table, & Study Coverage

**TABLE IV-6**  
**AVERAGE LIVING SPACE IN CHINA**

Item	2003	2008	2013	2018	2023
Households (million units) sq m/household					
Housing Stock (million square meters)  sq m/person rural residents urban residents					
Population (million persons) Rural Urban					

Source: The Freedonia Group, Inc.

### COMPANY PROFILES

**Hunan Construction Engineering Group Corporation**  
 No. 788, Furong South Road  
 Changsha, Hunan 410015  
 China  
 86-731-88888888  
 http://www.hnceg.com.cn

Annual Sales (million USD) (2014)  
 Employment (thousands) (2014)  
 Key Services: Survey, mechanical and electrical services

Hunan Construction Engineering Group Corporation is a state owned construction services enterprise. The Company is involved in projects in provinces, cities, and autonomous regions throughout China and in over 30 countries worldwide.

The Company participates in the Chinese construction industry through the provision of construction, design, engineering, survey, mechanical and electrical erection, interior decoration, and other services. Hunan Construction Engineering Group renders these services for use in the construction of such building and nonbuilding structures as municipal works, airports, roads, hydropower plants, bridges, and other structures.

In China, the Company has received several licenses from the government, including Special Top Grade qualification for general contract of building construction; Grade 1 qualification for road, municipal, hydropower, and mechanical and electrical works; and Grade A design qualification. Among Hunan Construction Engineering Group's completed projects in China are the Liuyand River Bridge, Changsha Huanghua Airport New Terminal, Hunan Yunda International Plaza,

SAMPLE PROFILE

STUDY COVERAGE

*Construction Outlook in China* is a Freedonia study that presents historical demand data (2003, 2008, 2013) and forecasts (2018, 2023) by building segment (nonresidential, residential, nonbuilding) and region of China. The study also considers key market environment factors, assesses the industry structure, evaluates company market share and profiles 38 competitors in the Chinese construction industry.

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#3253 ..... February 2015 ..... \$6400

**World Flooring & Carpets**

Through 2018, global demand for floor coverings is forecast to advance 4.5 percent annually to 19.4 billion square meters, valued at \$325 billion. Nonresilient flooring will remain the dominant product segment and will grow the fastest. China and the United States will be the two fastest growing major markets. This study analyzes the 15.5 billion square meter world flooring and carpet industry, with forecasts for 2018 and 2023 by product, market, world region, and for 20 countries. The study also evaluates company market share and profiles industry players.

#3227 ..... December 2014 ..... \$6500

**World Insulation**

Through 2018, global demand for insulation will rise 5.0 percent annually to 24.9 billion square meters of R-1 value. The Asia/Pacific region will grow the fastest, driven by building construction activity and manufacturing and industrial output. Foamed plastic insulation will lead value gains. This study analyzes the current world industry, at 19.5 billion square meters of R-1 value, with forecasts for 2018 and 2023 by material, market, world region, and for 21 countries. The study also evaluates company market share and profiles industry players.

#3206 ..... October 2014 ..... \$6500

**World Drywall & Building Plaster**

Global demand for drywall is forecast to rise 5.8 percent per year through 2018 to 10.4 billion square meters. Nearly three-fourths of new demand will be generated in China and the US. The nonresidential building market for drywall will outpace the housing segment. Building plaster will grow 4.5 percent annually to 35.4 million metric tons. This study analyzes the world drywall and building plaster industry, with forecasts for 2018 and 2023 by product, market, world region and for 20 countries. The study also evaluates company market share and profiles industry participants.

#3186 ..... July 2014 ..... \$6300

**World Housing**

World construction of new housing will reach 61.3 million units in 2018 on 2.9 percent yearly advances. The Asia/Pacific region will own the most new housing units, while the Africa/Mideast housing stock region will grow the fastest. Multifamily housing construction will continue to outpace that of single-family types. This study analyzes the two billion unit world housing industry, with forecasts for 2018 and 2023 for housing stock and new housing units by type, world region, and for 22 countries. The study also considers economic trends, demographics and other market factors.

#3184 ..... July 2014 ..... \$5800

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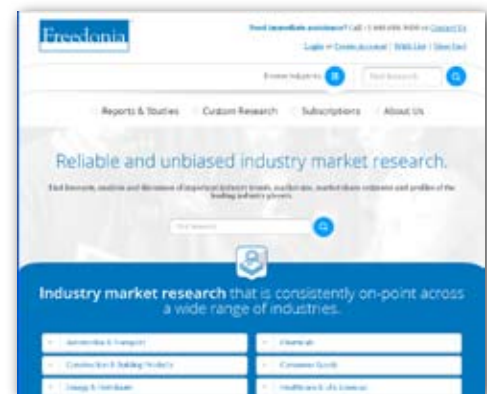
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